

Memorandum

To: Texas Public Retirement Systems

From: State Pension Review Board

Date: January 11, 2016

Subject: Implementation Deadline for the Funding Soundness Restoration Plan

The State Pension Review Board (PRB) previously sent a [memorandum](#) on August 11, 2015, explaining the changes in reporting requirements for public retirement systems due to the legislation passed by the 84th Texas Legislature.

The addition of Sections [802.2015](#) and [802.2016](#) to the Texas Government Code expanded reporting requirements to include the formulation of a **Funding Soundness Restoration Plan (FSRP)**, which would take effect if a system's amortization period exceeds 40 years over several actuarial valuations.

Systems Immediately Subject to FSRP Formulation Requirement:

- Systems that have, as of their most recent valuation, had three consecutive annual valuations with amortization periods over 40 years.
- Systems that have, as of their most recent valuation, had two consecutive valuations if the system conducts actuarial valuations every two or three years with amortization periods over 40 years.

For the systems that fall under the abovementioned categories, the first FSRP must be formulated by **November 1, 2016**.

FSRP Requirements:

- Must be developed by the public retirement system and the associated governmental entity in accordance with the system's governing statute;
- Must be designed to achieve a contribution rate that will be sufficient to amortize the unfunded actuarial accrued liability within 40 years not later than the 10th anniversary of the date on which the final version of a funding soundness restoration plan is agreed to;
- Systems must submit a copy and any changes to the plan to the PRB within 31 days after the FSRP is agreed to; and
- The PRB must be notified every two years of any updates to the progress made towards improved actuarial soundness.

If you have any questions about these requirements, please contact PRB staff at prb@prb.state.tx.us or 512-463-1736.